



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C., 20460

OCT 29 2018

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Matt Henderson, Environmental Manager
Hilcorp Energy Company
1111 Travis St
Houston, Texas 77002

Re: Clean Air Act Information Request for Hilcorp Energy Company Production Facilities in New Mexico

Dear Mr. Henderson:

The United States Environmental Protection Agency (EPA) hereby requires Hilcorp Energy Company (Hilcorp) to provide certain information to determine the Clean Air Act (CAA or the Act) compliance status of its production facilities in New Mexico.

Pursuant to section 114(a) of the CAA, 42 U.S.C. § 7414(a), the Administrator of the EPA is authorized to require any person who owns or operates an emissions source to establish and maintain records, make reports, sample emissions (in accordance with the procedures and methods that the Administrator shall prescribe) and provide such other information as he may reasonably require for the purpose of, among other things, determining whether any person is in violation of the CAA. This authority has been delegated to the undersigned official. You are hereby required, pursuant to section 114(a) of the CAA, to provide responses to Requests 1 – 11 (Information Request), within 30 calendar days from receipt of this Information Request. Instructions and definitions are provided in Enclosure 1 and the information requested is specified in Enclosure 2.

You are required to attach a properly executed Statement of Certification (see Enclosure 3) with your response to this Information Request. The statement must be signed and dated. You are under an obligation to preserve all documents requested in this letter until you receive further instructions from the EPA.

Failure to provide the required information is a violation of the Act and may result in one or more of the following actions: 1) issuance of an administrative penalty order pursuant to section 113(d) of the Act, 42 U.S.C. § 7413(d); 2) issuance of an order requiring compliance with this Information Request; 3) the initiation of a civil action pursuant to section 113(b) of the Act, 42 U.S.C. § 7413(b); and/or 4) any other action authorized under the Act. In addition,

knowingly providing false information in response to this Information Request may be actionable under section 113(c) of the Act, 42 U.S.C. § 7413(c), and 18 U.S.C. §§ 1001 and 1341. The information you provide may be used by the EPA in administrative, civil, and criminal proceedings.

Under section 114(c) of the Act, 42 U.S.C. § 7414(c), and pursuant to regulations at 40 C.F.R. Part 2, including 40 C.F.R. § 2.301, you are entitled to claim as confidential any information you provide to the EPA that involves trade secrets and is regarded as confidential business information by you. For such information, you may request that the EPA treat such information as confidential. Any such claim for confidentiality must conform to the requirements of 40 C.F.R. § 2.203(b). Note that emission data cannot be claimed as confidential under section 114(c). For detailed instructions, please see Enclosure 4. Information you supply will be treated as confidential business information to the degree determined to be appropriate according to the regulations. If you fail to furnish a business confidentiality claim with your response to this Information Request, the EPA will construe your failure as a waiver of that claim, and the information may be made available to the public without further notice to you.

Please submit the requested information to:

Mr. Daniel Hoyt
Air Enforcement Division
U.S. Environmental Protection Agency
Room 1142C, Mail Code 2242A
1200 Pennsylvania Avenue, NW
Washington, DC 20460

If you have any questions regarding this Information Request, please contact Daniel Hoyt at 202-564-7889 or your counsel may contact Robert Klepp at 202-564-5805.

Sincerely,



Phillip A. Brooks, Director
Air Enforcement Division
Office of Civil Enforcement

Enclosures: 1) Instructions
2) Information Request
3) Statement of Certification
4) Confidential Business Information

cc: Ralph Gruebel, Compliance & Enforcement Section Chief, New Mexico Environment
Department
Steve Thompson, Air Enforcement Branch Chief, EPA Region 6

ENCLOSURE 1

A. Instructions

1. Provide a separate narrative response to each request and subpart set forth in the Information Request. Provide all Documents supporting your responses to this Information Request, such as performance test reports, inspection records, memorandums, facility records, permits, etc. If Hilcorp has no responsive information or Documents pertaining to a particular request, submit an affirmative statement and explanation.
2. Precede each answer with the number of the request to which it corresponds and at the end of each answer identify the Person(s) (including name, title, and a description of job duties) who provided information that was used or considered in responding to that request, as well as each Person (including name, title, and a description of job duties) who was consulted in the preparation of that response.
3. Indicate on each Document produced in response to this Information Request, or in some other reasonable manner, the number of the request to which it corresponds. If a Document is responsive to more than one request, this must be so indicated and only one copy of the Document needs to be provided.
4. You may provide all Documents responsive to this Information Request in electronic Portable Document Format (PDF). All submitted Documents must be accurate and legible.
5. When a response is provided in the form of a number, specify the units of measure of the number in a precise manner and the basis for the number provided (e.g., estimated, measured or engineering judgment).
6. Where Documents or information necessary for a response are neither in Your possession nor available to You, indicate in Your response why such Documents or information are not available or in Your possession and identify any source that either possesses or is likely to possess such Documents or information.

B. Definitions

All terms used in this Information Request will have their ordinary meaning unless such terms are defined in the Clean Air Act, its implementing regulations, or below.

Document and Writing and the plural forms thereof means all written, recorded or graphic matters, however produced or reproduced, of every kind and description, pertaining in any way to the subject matter of this action. The terms "Document" and "Writing" shall include, but are not limited to: any receipts; invoices; shipping records; purchase orders; purchase records; books; pamphlets; periodicals; memoranda (including those of telephone or oral conversations); contracts; correspondence; agreements; applications; financial records; security instruments; disbursements; checks; bank statements; time records; accounting or financial records; notes;

diaries; logs; facsimiles (faxes); telegrams or cables prepared, drafted, received or sent; electronic mail (emails), whether drafted, received or sent; tapes; transcripts; recordings; minutes and notes of meetings; directives; work papers; charts; drawings; prints; flow sheets; photographs; infrared camera recordings; film; computer printouts; x-ray photographs; advertisements; catalogs; data; sampling reports, plans, protocols, reports, analyses; or any handwritten, recorded, transcribed punched, taped, filmed or graphic matter, however produced or reproduced, in Hilcorp's possession, custody or control or to which Hilcorp has or has had access.

Hilcorp means Hilcorp Energy Company and includes any parent corporation, subsidiaries, whether wholly or partially owned, or joint-ventures, or other business affiliations.

Owner or Operator means any Person who owns, leases, operates, controls, or supervises a well affected facility.

Person or its plural or any synonym thereof, is intended to and shall embrace and include any individual, partnership, corporation, company, association, government agency (whether federal, state, local or any agency of the government of a foreign country) or any other entity.

You and/or *Your* means Hilcorp, and all its agents, servants, employees, representatives, investigators, accountants, auditors, attorneys, experts, consultants, contractors and others who are in possession, custody or control (actual or constructive) of relevant information that is otherwise available to You, or may have obtained information for or on behalf of, Hilcorp.

ENCLOSURE 2

Information Request

Using the instructions and definitions set forth in Enclosure 1, provide the following information. Unless specifically stated otherwise, these Information Requests relate to activities that occurred in San Juan and Rio Arriba Counties, New Mexico on or after November 16, 2016 to and including the date this Information Request was received.

- 1) Provide a copy of each NSPS OOOOa completion or recompletion event notification, required by 40 CFR §60.5420a(a)(2), that You submitted to the State of New Mexico (NM) that was not submitted to r6wellcompletion@epa.gov.
- 2) 40 CFR §60.5375a(a)(1)(iii) requires You to have a separator onsite at each well affected facility during the entirety of the flowback period for completions and recompletions, except as provided in 40 CFR §60.5375a(a)(1)(iii)(A) through (C). For each of Hilcorp's completions and recompletions of well affected facilities:
 - a. Indicate whether or not a separator was onsite during the entire flowback period;
 - b. If there were any flowback periods that a separator was not on site, indicate the dates and times when a separator was not on-site, and indicate whether any of criteria for exceptions provided in 40 CFR §60.5375a(a)(1)(iii)(A) through (C) were met; and
 - c. If any of the criteria for exceptions provided in 40 CFR §60.5375a(a)(1)(iii)(A) through (C) were met, for each criterion that was met, provide a description of how the criterion of the exception was met.
- 3) Describe how flowback fluids were managed during the initial flowback stage for each completion and recompletion at Hilcorp's well affected facilities including a description of equipment that was used and stepwise procedures that describe how the equipment was used.
- 4) Describe the information that was evaluated by the Owner or Operator and how that information was used to determine when the initial flowback stage ended, and production began, for each well completion and recompletion at Hilcorp's well affected facilities, where the initial flowback stage was followed immediately by production (i.e., no separation flowback stage occurred). Additionally, include production records for the transitional time from just prior to the end of the initial flowback stage through initiation of production, including but not limited to records indicating a metered increase at the gas line and liquids flow to onsite tanks.
- 5) Describe the information that was evaluated by the Owner or Operator and how that information was used to determine when the initial flowback stage ended and the separation flowback stage began for each well completion and recompletion at Hilcorp's well affected facilities, where the initial flowback stage was followed by a separation flowback stage prior

to initiation of production (an example well is San Jacinto 6E on or around February 19-24, 2018). Additionally, include production records for the transitional time from the beginning of the separation flowback stage through initiation of production including but not limited to records indicating a metered increase at the gas line and liquids flow to onsite tanks.

- 6) Describe how flowback fluids were managed during each separation flowback stage for well completions and recompletions at Hilcorp's well affected facilities, where the initial flowback stage was followed by a separation flowback stage prior to initiation of production (an example well is San Jacinto 6E on or around February 19-24, 2018), including a description of equipment that was used and stepwise procedures that describe how the equipment was used.
- 7) 40 CFR §60.5375a(a)(1)(iii) requires you to capture and direct recovered gas to a completion combustion device, if it is technically infeasible to route the recovered gas as required in 40 CFR §60.5375a(a)(1)(ii), except when conditions exist that may result in a fire hazard or explosion, or where high heat emissions from a completion combustion device may negatively impact tundra, permafrost or waterways. For each well completion and recompletion at Hilcorp's well affected facilities where it was determined to be technically infeasible to route the recovered gas as required in 40 CFR §60.5375a(a)(1)(ii), including San Jacinto 6E on or around February 19-24, 2018, provide the following information:
 - a. Describe the information that was evaluated by the Owner or Operator and how that information was used to determine that routing the recovered gas as required in 40 CFR §60.5375a(a)(1)(ii) was technically infeasible;
 - b. Identify each well affected facility, and the dates and times when the Owner or Operator determined that routing the recovered gas as required in 40 CFR §60.5375a(a)(1)(ii) was technically infeasible, and recovered gas was not directed to a completion combustion device;
 - c. For each well affected facility identified in response to Request 9b, during the identified dates and times, indicate if the Owner or Operator determined that routing recovered gas to a completion combustion device would have caused any conditions to exist that may have resulted in a fire hazard or explosion, or where high heat emissions from a completion combustion device may have negatively impacted tundra, permafrost or waterways; and
 - d. If the Owner or Operator determined that routing recovered gas to a completion combustion device would have caused any conditions to exist that may have resulted in a fire hazard or explosion, or where high heat emissions from a completion combustion device may have negatively impacted tundra, permafrost or waterways, describe the information that was evaluated by the Owner or Operator, and how that information was used to make the determination.
 - e. If the Owner or Operator did not route recovered gas to a completion combustion device for other reasons, please describe those reasons. If the reason was because of

the use of nitrogen as the hydrofracking fluid, please answer the following questions specific to the use of nitrogen:

- i. Why do You use nitrogen over other fracking fluids? Provide reasons, including but not limited to technical and economic benefits. Please be specific as to what the benefits are.
- ii. Characterize the use of nitrogen in each well completion and recompletion.
- iii. Describe Hilcorp's general protocol for injecting nitrogen during these well completions and recompletions;
- iv. Provide the composition of the fracturing fluid on a mass percent basis used to complete or recomplete each well (provide percentages for water, nitrogen, sand, and any other additives).
- v. Provide the composition of flowback fluid on a mass percent basis during each initial flowback stage (provide percentages for water, nitrogen, additives and natural gas).

10) Provide the following additional information individually for each well completion and recompletion at Hilcorp's well affected facilities regarding how gases in the flowback fluids were managed between flowback initiation and bringing the well into production: If this information is provided in the 2018 annual report due on November 16, 2018, then please provide the name and address of the person to whom you submitted the annual report. If you submitted the report to CEDRI, please indicate as such.

- a. Total duration (in hours) that gases from the flowback fluids were vented to the atmosphere during the initial flowback stage;
- b. Total duration (in hours) that gases from the flowback fluids were captured and routed to a completion combustion device during the initial flowback stage;
- c. Total duration (in hours) that gases from the flowback fluids were vented to the atmosphere during the separation flowback stage;
- d. Total duration (in hours) that gases from the flowback fluids were captured and routed to a completion combustion device during the separation flowback stage;
- e. Total duration (in hours) that gases from the flowback fluids were routed into a gas flow line or collection system during the separation flowback stage;
- f. Total duration (in hours) that gases from the flowback fluids were re-injected into the well or another well during the separation flowback stage;
- g. Total duration (in hours) that gases from the flowback fluids were used as an onsite fuel source during the separation flowback stage;
- h. Total duration (in hours) that gases from the flowback fluids were used for another useful purpose that a purchased fuel or raw material would serve during the separation flowback stage; and
- i. If the total duration (in hours) that gases from the flowback fluids were used for another specific useful purpose that a purchased fuel or raw material would serve during the separation flowback stage was greater than zero, describe each specific

useful purpose, and provide a separate total duration (in hours) for each identified specific useful purpose.

- 8) Provide the anticipated schedule, including the date and location for each of Hilcorp's completions and recompletions for well affected facilities subject to NSPS OOOOa, planned in San Juan and Rio Arriba Counties for the period December 1, 2018 to and including June 30, 2019

ENCLOSURE 3

Statement of Certification

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments. Based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment for knowing violations pursuant to section 113(c)(2) of the Clean Air Act, and 18 U.S.C. §§ 1001 and 1341.

(Signature)

(Printed Name)

(Title)

(Date)

ENCLOSURE 4

Confidential Business Information (CBI) **Assertion and Substantiation Requirements**

A. Assertion Requirements

You may assert a business confidentiality claim covering all or part of the information provided in response to this Information Request, as provided in 40 C.F.R. § 2.203(b). You may assert a business confidentiality claim covering such information by placing on (or attaching to) the information you desire to assert a confidentiality claim, at the time it is submitted to the EPA, a cover sheet, stamped, or typed legend (or other suitable form of notice) employing language such as “trade secret” or “proprietary” or “company confidential.” Allegedly confidential portions of otherwise non-confidential documents should be clearly identified, and may be submitted separately to facilitate identification and handling by the EPA. If you desire confidential treatment only until a certain date or until the occurrence of a certain event, the notice should so state. Information covered by such a claim will be disclosed by the EPA only to the extent, and by means of the procedures, set forth in section 114(c) of the Clean Air Act and 40 C.F.R. Part 2. The EPA will construe the failure to furnish a confidentiality claim with your response to this Information Request as a waiver of that claim, and the information may be made available to the public without further notice to you.

B. Substantiation Requirements

All confidentiality claims are subject to EPA verification in accordance with 40 C.F.R. Part 2, subpart B. The criteria for determining whether material claimed as confidential is entitled to such treatment are set forth at 40 C.F.R. §§ 2.208 and 2.301, which provide, in part, that you must satisfactorily show that you have taken reasonable measures to protect the confidentiality of the information and that you intend to continue to do so; that the information is not and has not been reasonably obtainable by legitimate means without your consent; and the disclosure of the information is likely to cause substantial harm to your business’s competitive edge.

Pursuant to 40 C.F.R. Part 2, subpart B, you must substantiate your CBI claim in writing to the EPA when you submit your response to this Information Request. Failure to submit your responses to the questions detailed below will be regarded as a waiver of your confidentiality claim or claims, and the EPA may release the information. The EPA asks you to specify which portions of the information you consider confidential. You must be specific by page, paragraph, and sentence when identifying the information subject to your claim. Any information not specifically identified as subject to a confidentiality claim may be disclosed without further notice to you. For each item or class of information that you identify as CBI, you must answer the following questions, giving as much detail as possible, in accordance with 40 C.F.R. § 2.204(e):

1. What specific portions of the information are alleged to be entitled to confidential treatment? For what period of time do you request that the information be maintained as confidential; until a certain date, until the occurrence of a specified event, or permanently? If the occurrence of a specific event will eliminate the need for confidentiality, please specify that event.
2. Information submitted to the EPA becomes stale over time. Why should the information you claim as confidential be protected for the time period specified in your answer to Question #1?
3. What measures have you taken to protect the information claimed as confidential? Have you disclosed the information to anyone other than a governmental body or someone who is bound by an agreement not to disclose the information further? If so, why should the information still be considered confidential?
4. Is the information contained in any publicly available sources such as the Internet, databases, promotional publications, annual reports, or articles? Is there any means by which a member of the public could obtain access to the information? Is the information of a kind that you would customarily not release to the public?
5. Has any governmental body made a determination as to the confidentiality of the information? If so, please attach a copy of the determination.
6. For each category of information claimed as confidential, explain with specificity why release of the information is likely to cause substantial harm to your competitive position. Explain the specific nature of those harmful effects, why they should be viewed as substantial, and the causal relationship between disclosure and such harmful effects. How could your competitors make use of this information to your detriment?
7. Do you assert that the information is submitted on a voluntary or a mandatory basis? Please explain the reason for your assertion. If you assert that the information is voluntarily submitted information, explain whether and why disclosure of the information would tend to lessen the availability to the EPA of similar information in the future.
8. Any other issue you deem relevant.

Please note that emission data provided under section 114 of the Act, 42 U.S.C. § 7414, is not entitled to confidential treatment under 40 C.F.R. Part 2, subpart B. "Emission data" means, with reference to any source of emission of any substance into the air:

(A) Information necessary to determine the identity, amount, frequency, concentration, or other characteristics (to the extent related to air quality) of any emission which has been emitted by the source (or of any pollutant resulting from any emission by the source), or any combination of the foregoing;

(B) Information necessary to determine the identity, amount, frequency, concentration, or other characteristics (to the extent related to air quality) of the emissions which, under an applicable standard or limitation, the source was authorized to emit (including, to the extent necessary for such purposes, a description of the manner and rate of operation of the source); and

(C) A general description of the location and/or nature of the source to the extent necessary to identify the source and to distinguish it from other sources (including, to the extent necessary for such purposes, a description of the device, installation, or operation constituting the source).

40 C.F.R. § 2.301(a)(2)(i)(A) – (C).

Finally, conclusory allegations will be given little or no weight in the determination. If you fail to claim the information as confidential, it may be made available to the public without further notice to you.